

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 L-03 OMB-01
TRSE-00 COME-00 DODE-00 INT-05 GSA-02 CIAE-00
INR-07 NSAE-00 SS-15 /077 W
-----074451 131643Z /43

R 131201Z SEP 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 8202
INFO AMEMBASSY TOKYO
USMISSION GENEVA
AMEMBASSY BRUSSELS
AMEMBASSY PARIS

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USOECD
USEEC

FOR: (A) DEPT. - EB/ISM (B) GENEVA - WALTER C. LENAHA

E.O. 11652: N/A
TAGS: EMIN, ETRD, ITC
SUBJECT: TIN -- U.S. CONTRIBUTION TO ITC BUFFER STOCK,
COMMENTS ON SEPTEMBER 9 MEETING

REF: (A) LONDON 15179 (B) STATE 213934

1. THIS CABLE PROVIDES COMMENT ON SPECIFIC ISSUES SURFACED DURING SEPTEMBER 9 MEETING OF ITC BUFFER FINANCE COMMITTEE. WORKING PAPER MENTIONED IN REFTEL WILL BE TRANSMITTED BY SEPTTEL.
2. (A) LEGAL ASPECTS. NETHERLANDS (VAN DIEST) WAS CONCERNED WHETHER U.S. PROPOSED VALUATION SCHEME IS "LEGAL" UNDER ITA AND WHETHER IT WOULD CREATE AN UNDESIRABLE

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PRECEDENT. PROBLEMS WOULD ARISE UNDER LIQUIDATION, ARTICLE 25(F)(I). HE DID NOT QUESTION U.S. MOTIVE TO CONTRIBUTE ON "NO LESS FAVORABLE" BASIS. VAN DIEST AWARE ARTICLE 25(B) COULD PROVIDE LOOPHOLE AND THAT CONCEPTUAL APPROACH DISCUSSED IN PARA (B) BELOW MIGHT PROVIDE WAY OUT. NEVERTHELESS, PROBLEM COULD COME UP AGAIN AT LATER MEETING.

(B) CONTRIBUTION CONCEPTUALIZED AS CASH CONTRIBUTION. IF FOR ITC PURPOSES, THE U.S. CONTRIBUTION CAN BE CONSIDERED ESSENTIALLY AS A CASH CONTRIBUTION (DERIVED FROM DISPOSAL OF METAL), THERE SEEMS LITTLE PROBLEM WITH THE U.S. PROPOSAL. NO ONE SEEMS TO QUESTION NEED FOR ACQUIRING U.S. TIN METAL UNDER PRESENT MARKET AND BUFFER STOCK CONDITIONS. VALUATION SYSTEM SUGGESTED IN REF (B) SEEMS CONSISTENT WITH THIS, SINCE U.S. WOULD BE CREDITED WITH MONEY PROCEEDS AS TIN IS SOLD. USREP POINTED OUT THAT IN DRAFTING CONDITIONS OF CONTRIBUTION, CARE WOULD HAVE TO BE TAKEN TO AVOID A SOLUTION "LEGAL" FOR ITC THAT WOULD BE IN CONFLICT WITH U.S. DOMESTIC LAWS AND/OR PROCEDURES.

(C) OWNERSHIP OF METAL. QUESTION WAS RAISED AS TO AT WHAT POINT TITLE TO METAL WOULD PASS TO ITC. PREVAILING VIEW WAS THAT OWNERSHIP SHOULD PASS UPON CERTIFICATION OF RECEIPT (PARA 1 OF REF (B)). ALSO DISCUSSED, BUT NOT CONCLUSIVELY, WAS WHETHER THERE WOULD BE ANY ESSENTIAL, LEGAL DIFFERENCE BETWEEN U.S. AND OTHER TIN WHICH MIGHT BE ACQUIRED. FEELING SEEMED TO BE THAT, SUBJECT TO TERMS OF TRANSFER, THERE COULD BE NO DIFFERENCE.

(D) MARKETABILITY OF GSA TIN. SIAHAAN NOTED THAT GSA TIN WAS NOT ALWAYS MARKETABLE. DE KONING POINTED OUT THAT ALL TIN WAS "MARKETABLE" AT A PRICE. HE NOTED POINT WAS "CASH" CREDITED TO U.S. ACCOUNT FROM SALE, NOT A PARTICULAR LOT OF TIN AND WHETHER, FOR EXAMPLE, A LOT OF LIMITED OFFICIAL USE

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20 YEAR TIN MIGHT BE DISCOUNTED AGAINST NEW TIN. HE SAID AUTHORITY TO SWAP BETWEEN MARKETS (E.G. TRADE GSA IN NEW YORK FOR LME TIN TO BE DISPOSED OF IN LONDON) WOULD BE NEEDED.

(E) PRIORITY OF DISPOSAL OF U.S. TIN. THIS WAS SEEN AS PROBABLY NO PROBLEM SINCE BUFFER STOCK NOW EMPTY.

(F) VOTING. NETHERLANDS FELT U.S. APPROACH PRESENTED NO PROBLEM, BUT ISSUE NOT DISCUSSED IN DETAIL. SECRETARIAT GENERALLY PREFERS CALCULATION ON PERCENTAGE BASIS SINCE THIS IS CONSISTENT WITH EXPORTER CALCULATION. NETHERLANDS USES VOTE BASIS (WHICH RESULTS IN SLIGHTLY HIGHER CONTRIBUTION). WHILE ISSUE NOT SQUARELY FACED, METHOD PROBABLY WILL BE LEFT TO US. ON PER VOTE BASIS, U.S. TOTAL VOTE (INCLUDING INITIAL 5 VOTES) SEEMS LIKELY TO BE 27.4 PERCENT WHICH WOULD RESULT IN 5480 TONS BEFORE DISCOUNTING.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 13-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770331-0945
Format: TEL
From: LONDON
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770970/aaaachga.tel
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TAGS: EMIN, ETRD, US, ITC
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